

**TESTIMONY OF SHERMAN REESE
PRESIDENT, NATIONAL ASSOCIATION OF WHEAT GROWERS
BEFORE THE SENATE SUBCOMMITTEE ON FORESTRY, CONSERVATION
AND RURAL REVITALIZATION
US SENATE COMMITTEE ON AGRICULTURE
JULY 27, 2005**

MR CHAIRMAN AND MEMBERS OF THE COMMITTEE

MY NAME IS SHERMAN REESE, I AM A WHEAT FARMER FROM EASTERN OREGON AND AM CURRENTLY SERVING AS PRESIDENT OF THE NATIONAL ASSOCIATION OF WHEAT GROWERS.

I APPRECIATE THE OPPORTUNITY TO TESTIFY BEFORE YOU TODAY ON ISSUES INVOLVING THE CONSERVATION RESERVE PROGRAM (CRP), PARTICULARLY THOSE THAT INVOLVE EXPIRING CRP CONTRACTS AND CRP CONTRACT EXTENSIONS.

ALTHOUGH THE CONSERVATION RESERVE PROGRAM WAS FIRST ESTABLISHED BY THE FOOD SECURITY ACT OF 1985 , ITS ROOTS CAN BE TRACED BACK TO THE EARLY EFFORTS AT SOIL AND WATER CONSERVATION DEVELOPED DURING THE DUST BOWL DAYS OF THE 1930'S THROUGH THE SOIL BANKING EFFORTS UNDERTAKEN DURING THE 1950'S. IT IS ONE OF OUR PREMIER CONSERVATION PROGRAMS, THOUGH NOT WITHOUT CONTROVERSY.

CRP IS A VOLUNTARY LONG-TERM CROPLAND DIVERSION PROGRAM THAT OFFERS ECONOMIC INCENTIVES – CONTRACTS PROVIDING RENTAL PAYMENTS AND TECHNICAL ASSISTANCE – TO CONVERT CROPLAND AND OTHER ENVIRONMENTALLY SENSITIVE LANDS TO A CONSERVING USE FOR 10 TO 15 YEARS.

WHEN CRP WAS FIRST AUTHORIZED, THE PRIMARY GOALS WERE TO REDUCE SOIL EROSION AND IMPROVE WATER QUALITY. AND THE FOCUS WAS ON THE HIGHLY ERODIBLE LANDS WHICH MOST CONTRIBUTED TO THOSE PROBLEMS.

AS THE PROGRAM WAS SUBSEQUENTLY RE-AUTHORIZED IN 1990, 1996 AND 2002 ITS CONSERVATION GOALS WERE EXPANDED BEYOND SOIL AND WATER QUALITY, TO INCLUDE WILDLIFE HABITAT, WETLAND PROTECTION AND AIR QUALITY AS WELL.

AND THE PROGRAM ITSELF WAS EXPANDED TO INCLUDE A “CONTINUOUS” SIGN-UP OF SELECTED ACREAGES INTO CERTAIN HIGH PRIORITY CONSERVATION PRACTICES AND THE CONSERVATION RESERVE ENHANCEMENT PROGRAM (CREP), A STATE/FEDERAL PROGRAM

TARGETED TO ADDRESS STATE AND NATIONALLY SIGNIFICANT ENVIRONMENTAL EFFECTS.

ACREAGE ENROLLED IN CRP HAS VARIED THROUGH THE YEARS FROM 33.9 MILLION ACRES IN 1990 TO THE PRESENT ENROLLMENT OF 34.8 MILLION ACRES. THE 2002 FARM BILL CAPPED THE PROGRAM AT 39.2 MILLION ACRES.

AS PREVIOUSLY NOTED BY THE COMMITTEE AND OTHERS, MANY OF THE CONTRACTS ON THIS ENROLLED ACREAGE ARE SET TO EXPIRE BETWEEN 2006 AND 2008 – OVER 22 MILLION ACRES, ROUGHLY AN AREA OVER TWO THIRDS THE SIZE OF IDAHO.

AS PRESIDENT OF THE NATIONAL ASSOCIATION OF WHEAT GROWERS, I WOULD BE REMISS IF I DIDN'T NOTE THE GEOGRAPHICAL DISTRIBUTION OF THE 34.8 MILLION ACRES CURRENTLY ENROLLED AND THOSE ACRES SET TO EXPIRE:

TEXAS HAS THE LARGEST ENROLLMENT OF OVER 3.9 MILLION ACRES WITH 3 MILLION ACRES SET TO EXPIRE BY 2008;

MONTANA IS NEXT WITH 3.4 MILLION ENROLLED AND 2.4 MILLION SET TO EXPIRE;

FOLLOWED BY NORTH DAKOTA WITH 3.3 MILLION ENROLLED AND 2.2 MILLION EXPIRING;

KANSAS WITH 2.3 ACRES ENROLLED AND 2 MILLION EXPIRING;

AND COLORADO WITH 2.3 MILLION ACRES ENROLLED AND 1.7 MILLION ACRES EXPIRING.

[IOWA IS 6TH WITH 1.9 MILLION ACRES ENROLLED AND 894,287 ACRES EXPIRING]

AND FOR THE RECORD, IDAHO HAS 789,538 ACRES ENROLLED WITH 603,651 ACRES EXPIRING (RANKED AS THE 12TH LARGEST CRP ENROLLED STATE.

THESE STATES, WITH THE LARGEST CRP ENROLLMENTS, ARE ALSO WHERE YOU FIND CONCENTRATED PRODUCTION OF CORN, SOYBEANS, COTTON, RICE, GRAIN SORGHUM, BARLEY AND LIVESTOCK. SO MOST MAJOR PRODUCTION AGRICULTURE COMMODITIES ALSO HAVE A STRONG INTEREST IN THE CRP PROGRAM.

BUT I SAID I'D BE REMISS IF I DIDN'T POINT OUT THE GEOGRAPHIC DISTRIBUTION BECAUSE FOUR OUT OF THE FIVE TOP CRP ENROLLED

STATES HAPPEN TO BE OUR TOP WHEAT PRODUCING STATES; NORTH DAKOTA, KANSAS, MONTANA AND TEXAS WITH A HANDFUL OF OTHERS NOT FAR BEHIND BOTH IN CRP ENROLLMENT AND IN WHEAT PRODUCTION.

SO WE HAVE AN UNUSUALLY HIGH INTEREST IN THE CRP PROGRAM AND ITS FUTURE ADMINISTRATION.

THE LARGE AMOUNT OF EXPIRING CONTRACT ACREAGE PRESENTS A NEAR TERM PROBLEM THAT THE COMMITTEE AND THE ADMINISTRATION HAS CORRECTLY FOCUSED ON.

FIRST, I APPRECIATE THE FARM SERVICE AGENCY'S RECENT ANNOUNCEMENT THAT PRODUCERS WITH CRP CONTRACTS SET TO EXPIRE THIS YEAR MAY EXTEND THEIR CONTRACTS FOR ONE YEAR. THIS WILL APPLY TO ABOUT 437,000 ACRES.

WE WOULD SUPPORT THE CONTINUED USE OF SHORT TERM CONTRACT EXTENSIONS TO EASE THE ADMINISTRATIVE BURDENS OF PROCESSING A LARGE VOLUME OF CONTRACT EXPIRATIONS IN ANY GIVEN YEAR. THESE SHOULD BE STAGGERED THROUGH EXTENSIONS RANGING FROM ONE TO FIVE YEARS WITH LONGER EXTENSIONS FOR LANDS WITH HIGHER ENVIRONMENTAL BENEFITS INDEX (EBI) RANKINGS.

WE WOULD DISCOURAGE THE USE OF EARLY OR AUTOMATIC RE-ENROLLMENTS AND WOULD STRONGLY SUGGEST THAT ANY ACREAGE RE-ENROLLED BE ADMINISTERED THROUGH THE COMPETITIVE BID SYSTEM.

WE WOULD ALSO ENCOURAGE THE APPLICATION OF REVISED RENTAL RATES TO ALL FULL TERM RE-ENROLLMENTS TO ENSURE THAT PAYMENT RATES ARE UP TO DATE AND REFLECT ACTUAL LOCAL LAND RENTAL MARKET CONDITIONS.

FOR ACREAGE THAT IS NOT RE-ENROLLED AND IS PUT BACK INTO PRODUCTION, WE WOULD URGE USDA TO RESTORE CROP BASE ACRES THAT WERE LOST WHEN THE LAND WAS INITIALLY ENROLLED INTO CRP. NEARLY 30% OF FARM PROGRAM BASE ACRES CURRENTLY ENROLLED IN CRP ARE WHEAT BASE ACRES.

FOR LONGER RANGE FARM BILL POLICY ISSUES, I BELIEVE WE SHOULD LOOK FOR WAYS TO MAKE ADJUSTMENTS IN THE EBI SO THAT CRP IS FOCUSED ON THE MOST ENVIRONMENTALLY SENSITIVE LANDS.

I ALSO BELIEVE WE SHOULD ACKNOWLEDGE THE INTEREST IN UTILIZING CRP FOR COVER VEGETATION THAT HAS A DUAL USE AS BIOMASS

FEEDSTOCK. THERE MAY BE OPPORTUNITIES TO OFFSET CRP PROGRAM COSTS THROUGH THE VALUE DERIVED FROM BIOMASS VEGETATION COVER.

AS I MENTIONED, MONTANA IS ONE OF OUR LARGEST WHEAT PRODUCING STATES AS WELL AS ONE OF THE LARGEST CRP PARTICIPANTS. THE MONTANA GRAIN GROWERS ASSOCIATION RECENTLY COMPLETED A FARM BILL ISSUES SURVEY OF THEIR MEMBERS AND I BELIEVE TWO COMMENTS RECEIVED REGARDING CRP ARE INSTRUCTIVE OF THE DICHOTOMY WITHIN OUR OWN ORGANIZATION AND THE POLICY CHALLENGES AHEAD FOR ALL OF US.

COMMENT #1. "OUR PRESIDENT IS REALLY PUSHING CONSERVATION. WE HAVE ABOUT HALF OUR LAND IN THE CRP AND IF IT WAS NOT FOR IT TO HELP WITH THE EXPENSES FOR OUR OTHER LAND, WE WOULD BE BELLY UP." *McCONE COUNTY*

COMMENT #2. "CRP HAS BEEN THE MOST DEVASTATING PROGRAM FOR RURAL COMMUNITIES EVER DEvised BY USDA". *RICHLAND COUNTY*

IN CLOSING, MR. CHAIRMAN, I WOULD SUGGEST THAT THE FUNDAMENTAL ISSUE HERE IS ONE OF BALANCE – DETERMINING WHERE WE PLACE THE FULCRUM TO BALANCE EQUALLY IMPORTING COMPETING INTERESTS OF CONSERVATION WITH THE ABILITY TO PRODUCE A CROP THAT ALLOWS THE FARMER TO REMAIN ON THE LAND IN THE FIRST PLACE.

THAT BALANCE WAS ELOQUENTLY AND SIMPLY STATED BY ONE OF THE GREAT CONSERVATION PRESIDENT'S OF THE 20TH CENTURY, THEODORE ROOSEVELT IN 1910:

"I ASK NOTHING OF THIS NATION EXCEPT THAT IT SO BEHAVE AS EACH FARMER HERE BEHAVES WITH REFERENCE TO HIS OWN CHILDREN. THAT FARMER IS A POOR CREATURE WHO SKINS THE LAND AND LEAVES IT WORTHLESS TO HIS CHILDREN. THE FARMER IS A GOOD FARMER WHO, HAVING ENABLED THE LAND TO SUPPORT HIMSELF AND TO PROVIDE FOR THE EDUCATION OF HIS CHILDREN, LEAVES IT TO THEM A LITTLE BETTER THAN HE FOUND IT HIMSELF. I BELIEVE THE SAME THING OF A NATION"

ALLOW US TO CONTINUE FARMING THE PRODUCTIVE AGRICULTURAL LAND TO SUPPORT OUR FAMILIES AND OUR NATION. AND, IN TURN, CONTINUE TO CREATE OPPORTUNITIES FOR US TO LEAVE THE LAND A LITTLE BETTER THAN WE FOUND IT OURSELVES.

THANK YOU